

February 20, 2009

Maine Milk Commission Meeting Minutes
Deering Building, Room 233
Augusta, Maine 04333

Notices for the February 20, 2009 meeting were distributed to Commission members, intervenors and other interested parties January 23, 2009 and sent to the Secretary of State's Office for posting on January 26, 2009.

Commission Present: Colon Durrell, Richard Cook, John Joseph, Mark Hedrich, *ex-officio* and Chair Michael Wiers

Commission Absent:

Department Officials: None

Staff Present: Tim Drake, Executive Director, Carol Gauthier, Office Associate and Audrey Shorty, Resource Administrator.

Legal Counsel: Amy Mills

Intervenors Present: John Blake, Gerald Blake and Mike Suever of H.P. Hood, Inc., Thomas Brigham, Oakhurst Dairy, John Economy, Garelick Farms of Maine, Clayton Davis, Bob Fortin, DMS, Julie Marie Bickford of MDIA, Dale Cole, President of the Maine Dairy Industry Association (MDIA) and Marc Lessard of Hannaford's.

Others Present: Fred Hardy from MDIA; Chuck Farrand dairy farmer, Dr. George Criner from the University of Maine, Ruby Hardy public attendees.

Chair Michael Wiers called the meeting to order at 1:45 pm.

Agenda Item 1: Minutes: Colon Durrell made a motion to accept the minutes of the January 23, 2009 meeting. Richard Cook seconded. Motion passed 3-0.

Agenda Item 2: Amy Mills, Assistant Attorney General: No report.

Agenda Item 3: Minimum Prices:

Tim Drake reported that there is a prevailing premium of \$1.10/cwt on Class I for March 2009 reported by Dairy Marketing Services (DMS) and Agri-Mark Cooperative. In addition to this premium, both Agri-Mark and DMS reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in affect. Federal Order One Class I price for March is \$12.68. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.52/cwt. He stated that this price schedule was for information purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Chairman Wiers asked if there were any comments from the intervenors. Being none Colon Durrell made a motion that schedule #03-09 be adopted as prepared. Richard Cook seconded this motion, the motion passed 3-0.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for February 2009 which included prices for Augusta, Bangor/Brewer, Palmyra, Kennebunk, Auburn and Brunswick.

Agenda Item 5: Next Scheduled Meetings:

- March 20, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- April 17, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- May 22, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- June 19, 2009, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

Agenda Item 6: Other:

1. **Milk Commission Budget:** The Commission reviewed the latest budget summary.
2. **Cost of Production Study:** Dr. Criner gave an update on the Maine Dairy Cost of Production study. He gave updated short run breakeven numbers based on a reworking of the groupings, where farms over 400 cows had been excluded previously they are now included. Julie-Marie Bickford asked if this only looked at production numbers versus cultural practices and if new farms are included in the analysis. Dr. Criner answered that any farm with 400 or more cows was now included and before they were not he also stated that this only looked at herd size not practices. Julie-Marie stated that she believed that if large farms were now included that the smallest farms should be also she also wanted to know if organics were included now. Dr. Criner replied that organics are not included. Tom Brigham wanted to know how many farms with 400 or more cows were added to the results. Dr. Criner said that he believed it was 5. Tom then asked if this was a large enough sample to make a fourth tier. Dr. Criner replied that in order to create a fourth tier a larger sample would be needed. John Joseph wanted to know why a reworking of the groupings was done. Dr. Criner explained that he wanted to see why the small farm short run break even amount has risen so sharply he then went on to explain the past practice of clustering and how this practice was different than what he had done in this new reworking of the farms. John Blake wanted to know why the large farms had been excluded in previous studies. He was told that the computer model had used the three tier system and had kicked out the largest farms because they had not fit the model. John Joseph asked if the three clusters had tracked the three tier system. The answer was no. Chairman Wiers asked how the tier program used the information he stated that large farms participate in the tier program and that their data should be used to determine the target prices. Julie-

Marie countered that organic farms participate in the tier program but their data is not included. John Joseph said that he believed that the reason organic data is excluded is that their costs are not indicative of the whole, they are much higher. Chairman Wiers stated the he believed that the integrity of the study was paramount because of its use in the tier statute.

3. **Milk Promotions:** Tim Drake went over the promotion requests received, all had been vetted by legal counsel and had been conditionally approved. Amy Mills then gave a report on brand specific couponing of specialty products. She stated that the Commission did not have the power to change the prohibitions as they were spelled out in statute and that the Attorney general's office does not initiate legislation. This would have to be initiated by the department or by industry.
4. **Dealer Cost and Accounting System:** No report.

Agenda Item 7: Executive Session: The Commission did not go into Executive Session.

Adjourned: Adjourned at 3 pm February 20

Tim Drake, Maine Milk Commission